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WELCOME TO THE JUNGLE...BEER

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How one man's passion for beer led to a craft beer business

When **Aditya Challa** returned home to India in 2007 after spending years living in the U.S. and U.K., he realised his taste in beer had changed. “I wasn’t able to drink Indian beer anymore,” he recalls. “It was the same beer that I had been drinking all along, and I couldn’t drink it anymore. I thought this was a huge market opportunity in India.”

Challa decided to start a craft beer business and promptly left for Scotland to study brewing the next year, and returned in 2009 as a full-fledged brewer. However, his attempts to start his own brewing business in India were thwarted by regulatory hurdles and difficulties handling government officials.

Later that year, an old classmate suggested checking out Singapore as an alternative location to start his brewery business. Challa flew down to do research, spending a week meeting brewers and visiting microbreweries before finally deciding that there was a market for craft beer on the island-state.

Setting up

The Barefooot Brewing Company was registered in November 2009, “though we hadn’t decided on what form the business would take”, Challa says.

Almost all microbreweries in Singapore were brewpubs i.e. breweries that make their own beer and sell it on the premises. It was the obvious option but Challa and his partners thought better of it because “none of us knew anything about running a bar, and we still don’t know enough about the retail business”. Challa eventually decided on opening a microbrewery focusing only on the production of the beer and excluding the retail part of it.

The next issue to be tackled was: where to set up operations? And was it better to rent or own the premises?

“We were thinking of renting...but we found out how the rental markets were,” Challa says of the decision. “[Tenants] usually sign a two-year lease at a fixed rent but landlords could up it to anything after that. In the brewing business, a lot of the costs are the setup costs; it’s not just the equipment costs. We knew we’d be stuck if somebody wanted us to move, or threatened us with 30 percent extra rent or whatever. So we decided to buy the factory.”

After raising funds to meet the down payment for the factory, Challa purchased the property for nearly S\$1 million (US\$782,000) in January 2011. While the decision to buy instead of rent ate up a chunk of capital, the pure production nature of the business meant Challa could save on equipment. While brewpubs needed to consider aesthetics to attract customers, Barefoot Brewing Company can ignore form in favour of function. As a result, Challa experienced lower setup costs setting up the brewery than someone putting together a brewpub.

Success and challenges

Once the hardware was set up, the brewing started and the *Jungle Beer* brand was born. The challenge laid not in making the beer but in looking for places to sell it, and how to do so. An obvious option was to sell to brewpubs that were keen to expand their range of offerings because, as the only craft beer not produced in a brewpub, Jungle Beer was not a threat to the house brew. To elaborate, if The Pump Room at Clarke Quay sold craft beer produced by rival Brewerkz, customers who like the latter’s beer could just drink at Brewerkz. Therefore, brewpubs were a great sales channel.

Barefoot Brewing Company also offered customised boutique beers to restaurants interested in carrying Jungle Beer. By 2012, Challa had done so for two restaurants in Singapore, and was hoping for more to come. In October of the same year – 14 months into the business – the facility was utilising about 5,000 of its 15,000 litres per month capacity to produce Jungle Beer, leaving plenty of room for growth without having to invest in additional production capacity.

However, Jungle Beer’s “Made in Singapore” tag is a disadvantage. Whereas foreign imports, especially those from Western countries, are perceived to be of premium quality, that is not the case for locally made products. “Everyone in Asia is dealing with this,” Challa laments. “Anyone making a quality product needing to charge a premium is surely dealing with it. It’s not even unique to beer.

“[The buyer asks], ‘Why does the bottle say it’s made in Singapore?’ I mean, we’re made in Singapore! It’s just bizarre. Most people don’t know that anything good is made here. It’s just going to take time.”

How can Barefoot Brewing Company expand its business and distribution network? What about improving the perception of locally made products?